

State of Arizona  
House of Representatives  
Forty-seventh Legislature  
First Regular Session  
2005

CHAPTER 164

**HOUSE BILL 2623**

AN ACT

AMENDING SECTIONS 15-491 AND 35-454, ARIZONA REVISED STATUTES; RELATING TO  
BOND ELECTIONS.

(TEXT OF BILL BEGINS ON NEXT PAGE)



1 Be it enacted by the Legislature of the State of Arizona:

2 Section 1. Section 15-491, Arizona Revised Statutes, is amended to  
3 read:

4 15-491. Elections on school property; exceptions

5 A. The governing board of a school district may, and upon petition of  
6 fifteen per cent of the school electors as shown by the poll list at the last  
7 preceding annual school election shall, call an election for the following  
8 purposes:

9 1. To locate or change the location of school buildings.

10 2. To purchase or sell school sites or buildings or sell school sites  
11 pursuant to section 15-342 or to build school buildings, but the  
12 authorization by vote of the school district shall not necessarily specify  
13 the site to be purchased.

14 3. To decide whether the bonds of the school district shall be issued  
15 and sold for the purpose of raising money for purchasing or leasing school  
16 lots, for building or renovating school buildings, for improving school  
17 grounds, for purchasing pupil transportation vehicles or for liquidating any  
18 indebtedness already incurred for such purposes. Except as provided in  
19 section 15-1021, subsection H, the proceeds of class B bonds or impact aid  
20 revenue bonds shall not be used for soft capital purposes except for pupil  
21 transportation vehicles. A school district shall not issue class B bonds  
22 until the school district has obligated in contract the entire proceeds of  
23 any class A bonds issued by the school district. The total amount of class A  
24 and class B bonds issued by a school district shall not exceed the debt  
25 limitations prescribed in article IX, sections 8 and 8.1, Constitution of  
26 Arizona.

27 4. To lease for five or more years, as lessor or as lessee, school  
28 buildings or grounds. Approval by a majority of the school district electors  
29 voting authorizes the governing board to negotiate for and enter into a  
30 lease. The ballot shall list the school buildings or grounds for which a  
31 lease is sought. If the governing board does not enter into a lease of five  
32 or more years of the school buildings or grounds listed on the ballot within  
33 five years of the date of the election and the board continues to seek such a  
34 lease, the governing board shall call a special election to reauthorize the  
35 board to negotiate for and to enter into a lease of five or more years.

36 B. No petition shall be required for the holding of the first election  
37 to be held in a joint common school district for any of the purposes  
38 specified in subsection A of this section. The notice of election required  
39 by section 15-492 shall be published in each of the counties which comprise  
40 the joint common school district. The certification of election results  
41 required by section 15-493 shall be made to the board of supervisors of the  
42 jurisdictional county.

1 C. When the election is called to determine whether or not bonds of  
2 the school district shall be issued and sold for the purposes enumerated in  
3 the call for the election, the question shall be submitted to the vote of the  
4 qualified electors of the school district as defined in section 15-401 and  
5 subject to the provisions of section 15-402.

6 D. The governing board shall order the election to be held in the  
7 manner prescribed in title 35, chapter 3, article 3. If a petition for an  
8 election has been filed with the governing board as provided in subsection A  
9 of this section, the board shall act upon the petition within sixty days by  
10 ordering the election to be held as provided in this subsection. If a school  
11 district bond election is scheduled for the same date a school district will  
12 hold an override election, the governing body shall deliver a copy of the  
13 notice of election and ballot to the county school superintendent who shall  
14 include the notice of election and ballot with the information report and  
15 ballot prepared for the override election. Mailing of the information  
16 required for both the override and bond elections shall constitute compliance  
17 with the notice provisions of this section.

18 E. The elections to be held pursuant to this section shall only be  
19 held on dates prescribed by section 16-204, except that elections held  
20 pursuant to this section to decide whether class B bonds shall be issued  
21 shall only be held on the first Tuesday after the first Monday of November.

22 F. Subsection A, paragraph 2 of this section does not apply to the  
23 sale of school property if the market value of the school property is less  
24 than fifty thousand dollars.

25 G. Bond counsel fees, financial advisory fees, printing costs and  
26 paying agent and registrar fees for bonds issued pursuant to an election  
27 under this section shall be paid from either the amount authorized by the  
28 qualified electors of the school district or current operating funds. Bond  
29 election expenses shall be paid from current operating funds only.

30 H. For any election conducted to decide whether class B bonds will be  
31 issued pursuant to this section:

32 1. Except as provided in paragraph 2 of this subsection, the ballot  
33 shall include the following statement:

34 The capital improvements that are proposed to be funded  
35 through this bond issuance are to exceed the state standards and  
36 are in addition to monies provided by the state.

37 \_\_\_\_\_ school district is proposing to issue class B  
38 general obligation bonds totaling \$\_\_\_\_\_ to fund capital  
39 improvements over and above those funded by the state. Under the  
40 students first capital funding system, \_\_\_\_\_ school district  
41 is entitled to state monies for building renewal, new  
42 construction and renovation of school buildings in accordance  
43 with state law.

44 2. For a school district that is a joint technological education  
45 district, the ballot shall include the following statement:

1                   \_\_\_\_\_, a joint technological education district, is  
2       proposing to issue class B general obligation bonds totaling  
3       \$\_\_\_\_\_ to fund capital improvements at the main campus of  
4       the joint technological education district.

5       3. The ballot shall contain the words "bond approval, yes" and "bond  
6       approval, no", and the voter shall signify the voter's desired choice.

7       4. THE BALLOT SHALL ALSO CONTAIN THE PHRASE "THE ISSUANCE OF THESE  
8       BONDS WILL RESULT IN AN ANNUAL LEVY OF PROPERTY TAXES SUFFICIENT TO PAY THE  
9       DEBT ON THE BONDS".

10      4. 5. At least eighty-five days before the election, the school  
11      district shall submit proposed ballot language to the director of the Arizona  
12      legislative council. The director of the Arizona legislative council shall  
13      review the proposed ballot language to determine whether the proposed ballot  
14      language complies with this section. If the director of the Arizona  
15      legislative council determines that the proposed ballot language does not  
16      comply with this section, the director, within ten calendar days of the  
17      receipt of the proposed ballot language, shall notify the school district of  
18      the director's objections and the school district shall resubmit revised  
19      ballot language to the director for approval.

20      5. 6. No later than ten days before a class B bond election conducted  
21      pursuant to this section, the school district shall mail to each qualified  
22      elector in the school district a publicity pamphlet. The publicity pamphlet  
23      shall contain, at a minimum, the following information:

24      (a) An executive summary of the school district's most recent capital  
25      plan submitted to the school facilities board.

26      (b) A complete list of each proposed capital improvement that will be  
27      funded with the proceeds of the bonds and a description of the proposed cost  
28      of each improvement, including a separate aggregation of capital improvements  
29      for administrative purposes as defined by the school facilities board.

30      (c) The tax rate associated with each of the proposed capital  
31      improvements and the estimated cost of each capital improvement for the owner  
32      of a single family home that is valued at one hundred thousand dollars.

33      1. For any election conducted to decide whether impact aid revenue  
34      bonds shall be issued pursuant to this section:

35          1. The ballot shall include the following statement:

36              The capital improvements that are proposed to be funded  
37              through this bond issuance are to exceed the state standards and  
38              are in addition to monies provided by the state.

39              \_\_\_\_\_ school district is proposing to issue impact  
40              aid revenue bonds totaling \$\_\_\_\_\_ to fund capital  
41              improvements over and above those funded by the state. Under  
42              the students first capital funding system, \_\_\_\_\_ school  
43              district is entitled to state monies for building renewal, new  
44              construction and renovation of school buildings in accordance  
45              with state law.

1           2. The ballot shall contain the words "bond approval, yes" and "bond  
2 approval, no", and the voter shall signify the voter's desired choice.

3           3. At least eighty-five days before the election, the school district  
4 shall submit proposed ballot language to the director of the legislative  
5 council. The director of the legislative council shall review the proposed  
6 ballot language to determine whether the proposed ballot language complies  
7 with this section. If the director of the legislative council determines  
8 that the proposed ballot language does not comply with this section, the  
9 director, within ten calendar days of the receipt of the proposed ballot  
10 language, shall notify the school district of the director's objections and  
11 the school district shall resubmit revised ballot language to the director  
12 for approval.

13           4. No later than ten days before an impact aid revenue bond election  
14 conducted pursuant to this section, the school district shall mail to each  
15 qualified elector in the school district a publicity pamphlet. The publicity  
16 pamphlet shall contain, at a minimum, the following information:

17           (a) An executive summary of the school district's most recent capital  
18 plan submitted to the school facilities board.

19           (b) A complete list of each proposed capital improvement that will be  
20 funded with the proceeds of the bonds and a description of the proposed cost  
21 of each improvement, including a separate aggregation of capital improvements  
22 for administrative purposes as defined by the school facilities board.

23           (c) A statement that impact aid revenue bonds will be fully funded by  
24 aid that the school district receives from the federal government and do not  
25 require a levy of taxes in the district.

26           (d) A statement that if the bonds are approved the first priority for  
27 the impact aid will be to pay the debt service for the bonds and that other  
28 uses of the monies are prohibited until the debt service obligation is met.

29           (e) A statement that if the impact aid revenue bonds are approved, the  
30 school district shall not issue or sell class B bonds while the district has  
31 existing indebtedness from impact aid revenue bonds, except for bonds issued  
32 to refund any bonds issued by the board.

33           J. If the voters approve the issuance of school district class B bonds  
34 or impact aid revenue bonds, the school district shall not use the bond  
35 proceeds for any purposes other than the proposed capital improvements listed  
36 in the publicity pamphlet, except that up to ten per cent of the bond  
37 proceeds may be used for general capital expenses, including cost overruns of  
38 proposed capital improvements.

39           K. Each school district that issues bonds under this section is  
40 required to hold a public meeting each year between September 1 and October  
41 31, until the bond proceeds are spent, at which an update of the progress of  
42 capital improvements financed through bonding is discussed and at which the  
43 public is permitted an opportunity to comment. At a minimum, the update  
44 shall include a comparison of the current status and the original projections  
45 on the construction of capital improvements, the costs of capital

1 improvements and the costs of capital improvements in progress or completed  
2 since the prior meeting and the future capital bonding plans of the school  
3 district. The school district shall include in the public meeting a  
4 discussion of the school district's use of state capital aid and  
5 voter-approved capital overrides in funding capital improvements, if any.

6 Sec. 2. Section 35-454, Arizona Revised Statutes, is amended to read:

7 35-454. Informational pamphlet for election; review; election;  
8 return; canvass of vote; certificate of election

9 A. The governing body or board of the political subdivision shall:

10 1. Not less than ten days and not more than fifty days before the bond  
11 election mail a copy of an informational pamphlet to the residence of each  
12 registered voter within the political subdivision. The pamphlet shall  
13 contain information on the:

14 (a) Amount of the bond authorization.

15 (b) Maximum interest rate of the bonds.

16 (c) Estimated debt retirement schedule for the current amount of bonds  
17 outstanding, showing both principal and interest payments, the current  
18 secondary assessed valuation as reported by the department of revenue or the  
19 county assessor and the current adopted and estimated tax rates. In this  
20 paragraph, "secondary assessed valuation" may include the values used to  
21 determine voluntary contributions collected pursuant to title 9, CHAPTER 4,  
22 article 3 and title 48, chapter 1, article 8.

23 (d) Estimated debt retirement schedule for the proposed bond  
24 authorization, showing both the estimated principal and interest payments and  
25 the estimated average annual tax rate for the proposed bond authorization. In  
26 preparing this information and the information prescribed by subdivision (c)  
27 ~~of this paragraph~~, the projected total annual increase in secondary assessed  
28 valuation for any future year shall not exceed:

29 (i) For the first five years of the estimated debt retirement  
30 schedule, the average of the annual percentage growth for the previous ten  
31 years in the secondary assessed valuation of the political subdivision.

32 (ii) For the remaining years of the estimated debt retirement  
33 schedule, twenty per cent of the average of the annual percentage growth for  
34 the previous ten years in the secondary assessed valuation of the political  
35 subdivision.

36 (e) Source of repayment.

37 (f) Estimated issuance costs.

38 (g) ~~Estimated tax impact on the owner-occupied residential property,~~  
39 agricultural property and commercial and industrial property for the current  
40 year in the political subdivision. The tax impact shall be shown for  
41 property with a full cash value of one hundred thousand dollars and for  
42 property with an average assessed valuation for that class, as determined by  
43 the governing body or board. The tax impact shall show the projected average  
44 annual cost of the proposed bond authorization, including principal and  
45 interest, over the life of the proposed bond authorization. The information

on estimated tax impact shall be set forth in substantially the following form:

Estimated average annual tax rate per \$100 of secondary assessed valuation: \$\_\_\_\_\_

[The following table for each specified class of property]

_____ property (assessed at _____%)		
<u>Assessor's full</u>	<u>Secondary assessed</u>	<u>Estimated annual cost</u>
<u>Cash value</u>	<u>Value</u>	
_____	_____ (*)	\$ _____
\$100,000	_____	\$ _____
(Other values may be included)	_____	\$ _____

(\*) Estimated average value

(h) In bold faced type, estimated total cost of the proposed bond authorization, including principal and interest.

(i) Current outstanding general obligation debt and constitutional debt limitation.

(j) Purpose for which the bonds are to be issued.

(k) Polling location for the addressee.

(l) Hours during the day when the polls will be open.

(m) Arguments for and against the authorization of one or more of the bond propositions.

2. Submit a copy of the informational pamphlet to the department of revenue within thirty days after the bond election. The department of revenue shall maintain copies of the pamphlets.

B. The failure of any one or more electors to receive the informational pamphlet shall not be grounds to invalidate the election. The election shall conform with the general election laws of the state. The return of the election held in a county shall be made to the board of supervisors and, in any other case, to the governing body or board of the municipal corporation or district within twelve days after the election.

C. FOR ANY PROPOSED GENERAL OBLIGATION BOND AUTHORIZATION WHERE THE PRINCIPAL AND INTEREST WILL BE PAID BY A LEVY OF PROPERTY TAXES, THE BALLOT SHALL CONTAIN THE PHRASE "THE ISSUANCE OF THESE BONDS WILL RESULT IN AN ANNUAL LEVY OF PROPERTY TAXES SUFFICIENT TO PAY THE DEBT ON THE BONDS".

D. IF THE GOVERNING BODY INTENDS TO USE REVENUES OTHER THAN PROPERTY TAXES TO PAY THE DEBT ON PROPOSED GENERAL OBLIGATION BONDS, THE BALLOT SHALL CONTAIN THE PHRASE "THE ISSUANCE OF THESE BONDS WILL RESULT IN AN ANNUAL LEVY OF PROPERTY TAXES SUFFICIENT TO PAY THE DEBT ON THE BONDS, UNLESS THE GOVERNING BODY PROVIDES FOR PAYMENT FROM OTHER SOURCES".

E. The board of supervisors, governing body or governing board shall hold a special meeting within twenty days after the election to canvass the votes cast and certify the result. The certificate of the result shall

1 be prima facie evidence of full performance of all conditions and  
2 requirements precedent to holding the election.

3       ~~D~~ F. The governing board or body shall file and record in the office  
4 of the county recorder a certificate disclosing the purpose of the election,  
5 the total number of votes cast and the total number of votes for and against  
6 creating the indebtedness, and stating whether or not the indebtedness is  
7 ordered. Upon filing and recording the certificate, the governing board or  
8 body shall carry out the purpose of the election.

9       ~~E~~ G. Variations between the estimates required by subsection A and  
10 the actual debt retirement schedules, issuance costs, annual and total costs  
11 and tax rates shall not invalidate either the election or the bonds.

12       Sec. 3. Effective date

13       Sections 15-491 and 35-454, Arizona Revised Statutes, as amended by  
14 this act, are effective from and after October 31, 2005.

APPROVED BY THE GOVERNOR APRIL 20, 2005.

FILED IN THE OFFICE OF THE SECRETARY OF STATE APRIL 20, 2005.



Passed the House February 28, 2005

by the following vote: 57 Ayes,

2 Nays, 1 Not Voting

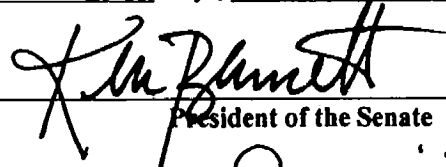
  
Speaker of the House


  
Chief Clerk of the House

Passed the Senate April 12, 2005

by the following vote: 28 Ayes,

2 Nays, 0 Not Voting

  
President of the Senate

  
Secretary of the Senate

EXECUTIVE DEPARTMENT OF ARIZONA  
OFFICE OF GOVERNOR

This Bill was received by the Governor this

~~\_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_,~~

~~at \_\_\_\_\_ o'clock \_\_\_\_\_ M.~~

~~\_\_\_\_\_  
Secretary to the Governor~~

~~Approved this \_\_\_\_\_ day of~~

~~\_\_\_\_\_, 20\_\_\_\_,~~

~~at \_\_\_\_\_ o'clock \_\_\_\_\_ M.~~

~~\_\_\_\_\_  
Governor of Arizona~~

H.B. 2623

EXECUTIVE DEPARTMENT OF ARIZONA  
OFFICE OF SECRETARY OF STATE

~~This Bill was received by the Secretary of State~~

~~this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_,~~

~~at \_\_\_\_\_ o'clock \_\_\_\_\_ M.~~

~~a C Nu \_\_\_\_\_~~


~~\_\_\_\_\_  
Secretary of State~~

HOUSE CONCURS IN SENATE  
AMENDMENTS AND FINAL PASSAGE

April 14, 2005,

by the following vote: 49 Ayes,

7 Nays, 4 Not Voting

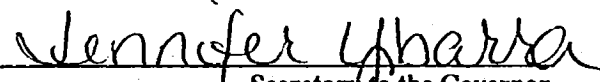
  
\_\_\_\_\_  
Norman L. Moore  
Speaker of the House  
Pro Tempore  
Chief Clerk of the House

EXECUTIVE DEPARTMENT OF ARIZONA  
OFFICE OF GOVERNOR

This Bill was received by the Governor this

15<sup>th</sup> day of April, 2005


at 9:00 o'clock a. M.

  
\_\_\_\_\_  
Jennifer Ybarra  
Secretary to the Governor

Approved this 20 day of

April, 2005,

at 2<sup>30</sup> o'clock P. M.

  
\_\_\_\_\_  
Jon R. Rhee  
Governor of Arizona

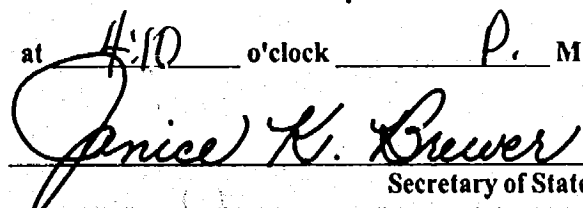
H.B. 2623

EXECUTIVE DEPARTMENT OF ARIZONA  
OFFICE OF SECRETARY OF STATE

This Bill was received by the Secretary of State

this 20 day of April, 2005

at 4:10 o'clock P. M.

  
\_\_\_\_\_  
Janice K. Brewer  
Secretary of State